

Analyst Briefing First Half 2008 Results

Jakarta, 17 July 2008

Untuk Anda, Bisa

Agenda

- **First Half 2008 Performance**

- **Financial Results**

- Asset Quality

- Business Update

- Appendix

Highlights of First Half 2008 Results

- Loans grew by 32% to Rp 61 trillion largely driven by mass market and wholesale businesses
- Total funding increased by 11% to Rp 79 trillion; current account and savings grew by 30% and 10% respectively
- Net Interest Income increased by 20% to Rp 4,056 billion
- Net profit after tax grew by 14% to Rp 1,158 billion
- Net interest margin expanded to 11.4%
- ROAA and ROAE stood at 2.5% and 22.1%, respectively

Highlights of Income Statement

<i>Rp. billion</i>	1H07	1H08	ΔYoY	1Q08	2Q08	ΔQoQ
Net Interest Income	3,380	4,056	20%	1,977	2,079	5%
Fee Income	571	1,046	83%	453	593	31%
Operating Income before Gain (Loss) on Sale of Marketable Securities	3,951	5,102	29%	2,430	2,672	10%
Gain (Loss) on Sale of Marketable Securities	463	(107)	(123%)	(12)	(95)	692%
Operating Income	4,414	4,995	13%	2,418	2,577	7%
Operating Expenses	(2,068)	(2,558)	24%	(1,213)	(1,345)	11%
Pre-Provision Operating Profit	2,346	2,437	4%	1,205	1,232	2%
Cost of Credit	(744)	(583)	(22%)	(290)	(293)	1%
Net Profit before Tax	1,602	1,854	16%	915	939	3%
Net Profit after Tax	1,020	1,158	14%	563	595	6%

Highlights of Balance Sheet

<i>Rp. billion</i>	1H07	1H08	△YoY	1Q08	2Q08	△QoQ
Total Assets	88,043	96,582	10%	92,178	96,582	5%
Loans (gross) ¹⁾	46,394	61,207	32%	55,917	61,207	9%
Government Bonds	18,957	13,129	(31%)	15,010	13,129	(13%)
Total Deposits	61,294	65,939	8%	61,996	65,939	6%
Current Account	5,536	7,192	30%	5,884	7,192	22%
Savings	11,458	12,620	10%	12,350	12,620	2%
Time Deposit	44,299	46,127	4%	43,762	46,127	5%
Borrowings ²⁾	6,988	10,039	44%	8,962	10,039	12%
Subordinated Debt	2,713	2,765	2%	2,759	2,765	0%
Equity	9,819	10,296	5%	11,152	10,296	(8%)

¹⁾ Include consumer financing receivables of Adira Finance

²⁾ Include securities sold under repo agreements and Adira Finance's bank loans and bonds

Key Ratios

%	1H07	1H08	△YoY	1Q08	2Q08	△QoQ
Net Interest Margin ¹⁾	10.0	11.4	1.4	11.3	11.5	0.2
Cost / Income	46.8	51.2	4.4	50.2	52.2	2.0
Credit Cost/Earning Assets ²⁾	2.9	1.9	(1.0)	2.0	1.9	(0.1)
ROAA	2.4	2.5	0.1	2.5	2.5	0.0
ROAE	22.6	22.1	(0.5)	20.3	23.6	3.3
Loan / Deposits	75.5	91.7	16.2	89.4	91.7	2.3
Loan / Funding ³⁾	65.3	76.4	11.1	74.8	76.4	1.6
Capital Adequacy ⁴⁾	20.5	16.0	(4.5)	19.7	16.0	(3.7)
NPL – Gross	3.1	2.3	(0.8)	2.3	2.3	(0.0)
LLP / NPL ⁵⁾	153.1	151.8	(1.3)	156.4	151.8	(4.6)

¹⁾ Include credit related fees and commission as per Bank Indonesia regulations

²⁾ Earning assets exclude all government securities

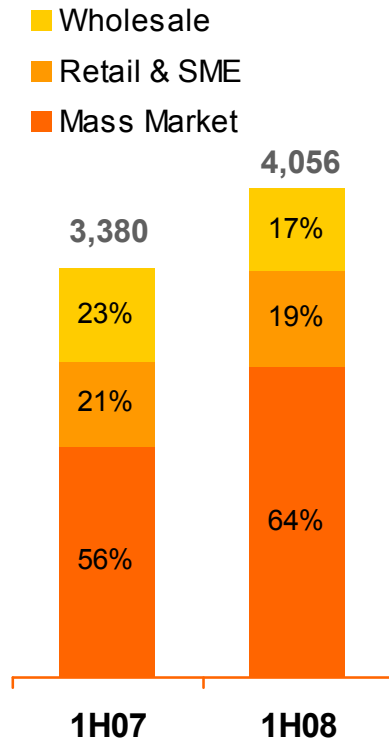
³⁾ Funding includes deposit and long-term funding

⁴⁾ CAR after market risk charge and amortization of subordinated debts

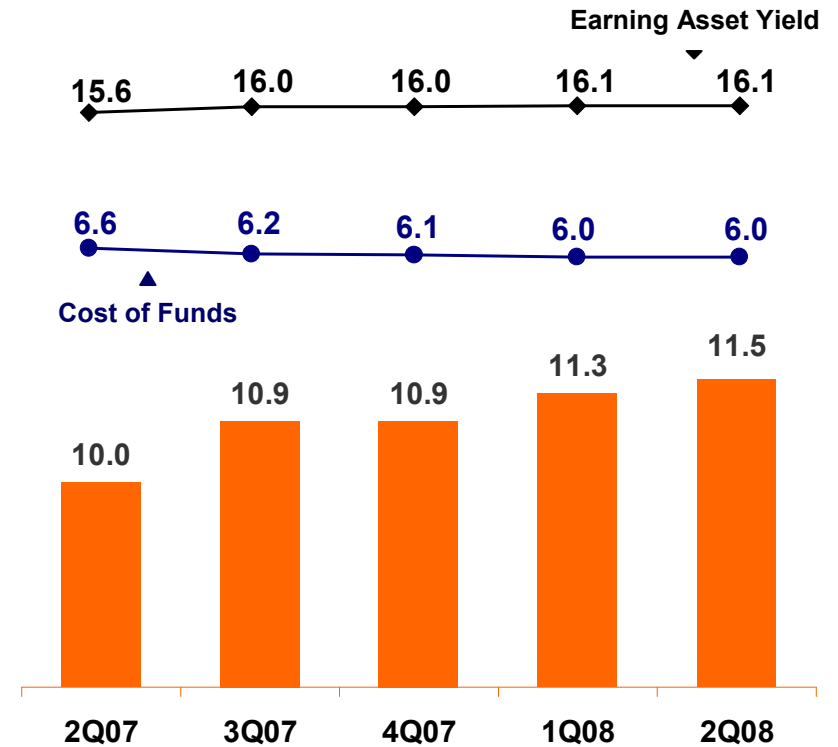
⁵⁾ After considering value of collateral primarily for Corporate, Commercial, SME loans and Mortgage

NIM continues to expand on the back of sustained asset yield and lower cost of funds

Net Interest Income
Rp. billion



Net Interest Margin
%, annualized

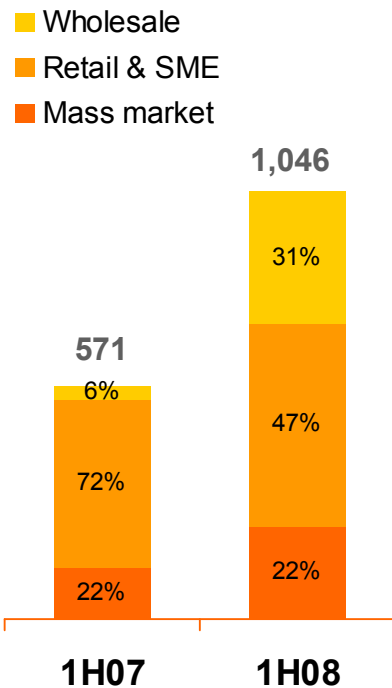


Mass market businesses drove 20% increase in net interest income

Non-interest income contributed to 19% of operating income

Fee Income

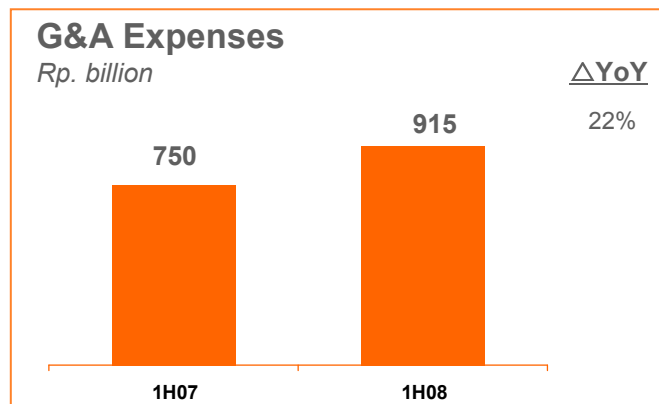
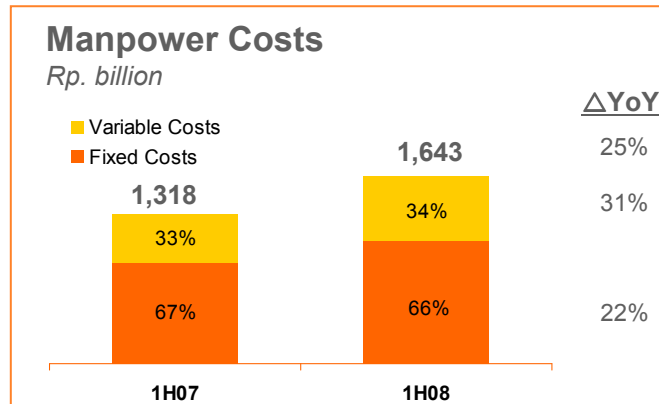
Rp. billion



Rp. billion	1H07	1H08	ΔYoY
Fee Income	571	1,046	83%
Credit related fees	388	519	34%
Cash management	119	118	(0%)
Treasury products	(68)	161	NM
Adira Finance	15	73	487%
Adira Insurance	84	123	46%
Others	33	52	58%
Gain (loss) on sale of marketable securities	463	(107)	(123%)
Non-Interest Income	1,034	939	(9%)
Non Interest Income / Operating Income	23%	19%	(4%)

Fee income increased 83% driven by credit related fees and treasury products

Increase in operating expenses was largely due to the expansion in mass market businesses

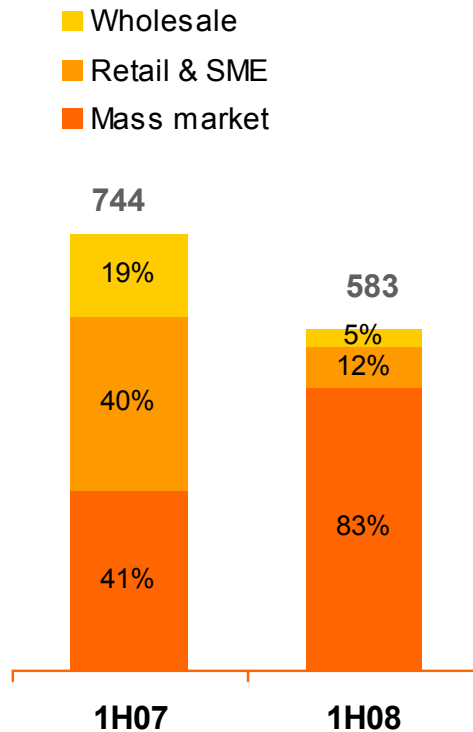


Rp billion	1H07	1H08	ΔYoY
Wholesale	384	340	(11%)
Retail & SME	890	1,056	19%
Mass Market	794	1,162	46%
Adira Finance	376	490	30%
SEMM	323	503	56%
CMM & Quantum	95	169	78%
Total	2,068	2,558	24%
Cost / Income	46.8%	51.2%	4.4%

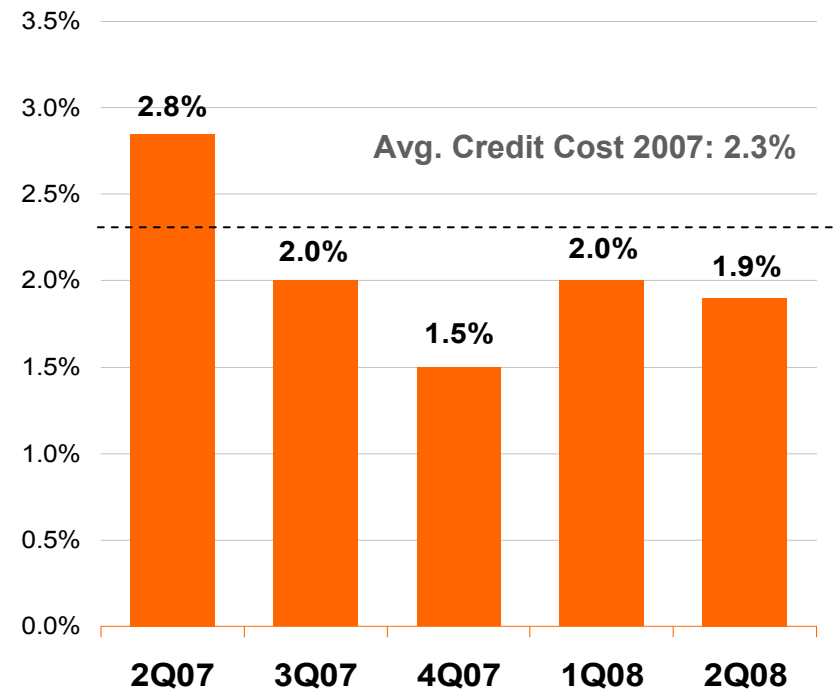
Mass market businesses added over 5,000 headcounts and 274 offices to support business growth during the year

Cost of credit declined by 22% despite 32% loan expansion

Cost of Credit ¹⁾
Rp. billion



Cost of Credit / Avg. Earning Assets ²⁾
%, Annualized



¹⁾ Cost of credit comprise of provision for losses, loss on repossessed assets of Adira Finance and net write-off

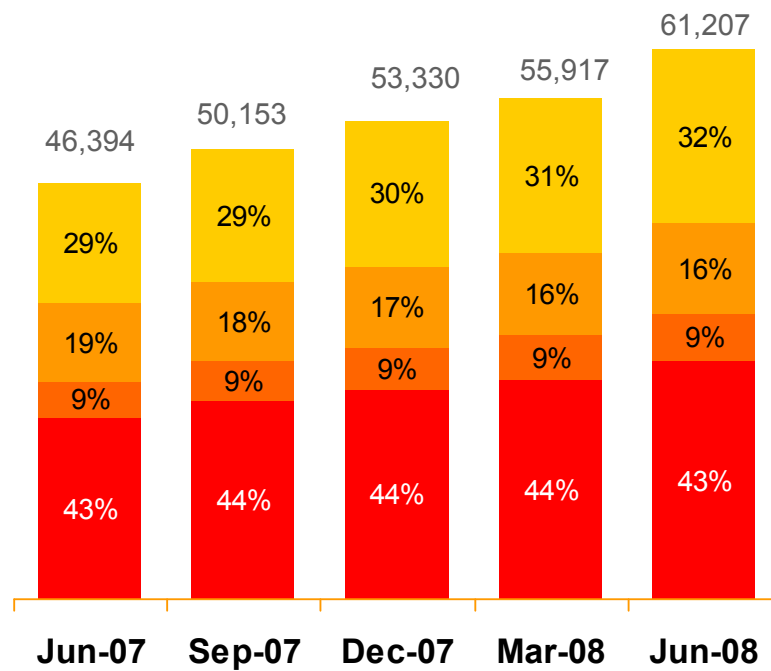
²⁾ Earning assets exclude all government securities

Cost of credit improved to 1.9% of earning assets in the first half of 2008

Loans expanded by 32% largely driven by mass market and wholesale businesses

Outstanding Loans Composition

Rp. billion



Loan Growth

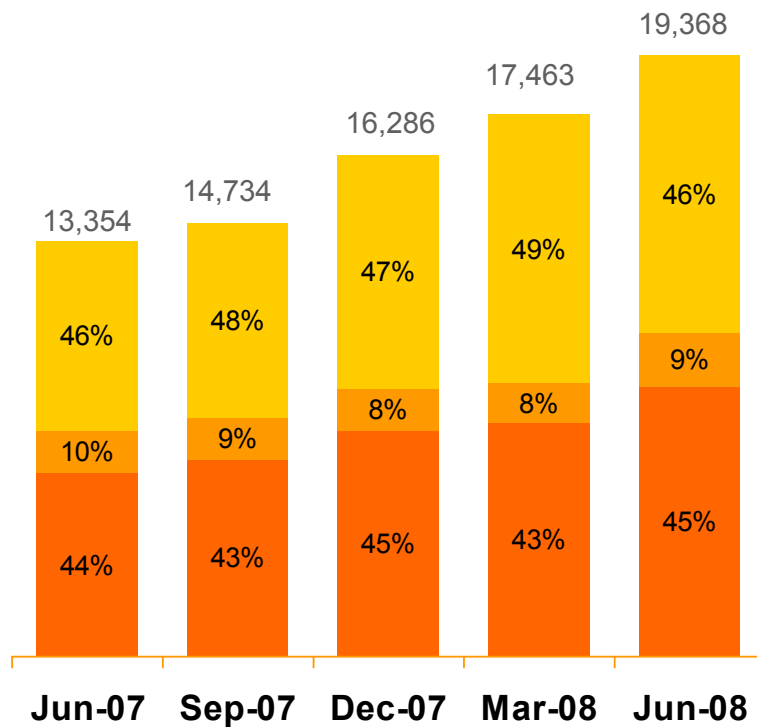
Year-on-Year

Rp. billion	Jun-07	Jun-08	ΔYoY	
Wholesale	13,354	19,368	6,014	45%
SME	8,861	9,936	1,075	12%
Retail	3,971	5,391	1,420	36%
Mass Market	20,208	26,512	6,304	31%
Total	46,394	61,207	14,813	32%

Mass market loans grew 31%, representing 43% of total loan book

Commercial loans grew by 48% driven by asset-based financing and working capital

Wholesale Loan Composition
Rp. billion



Loan Growth
Year-on-Year

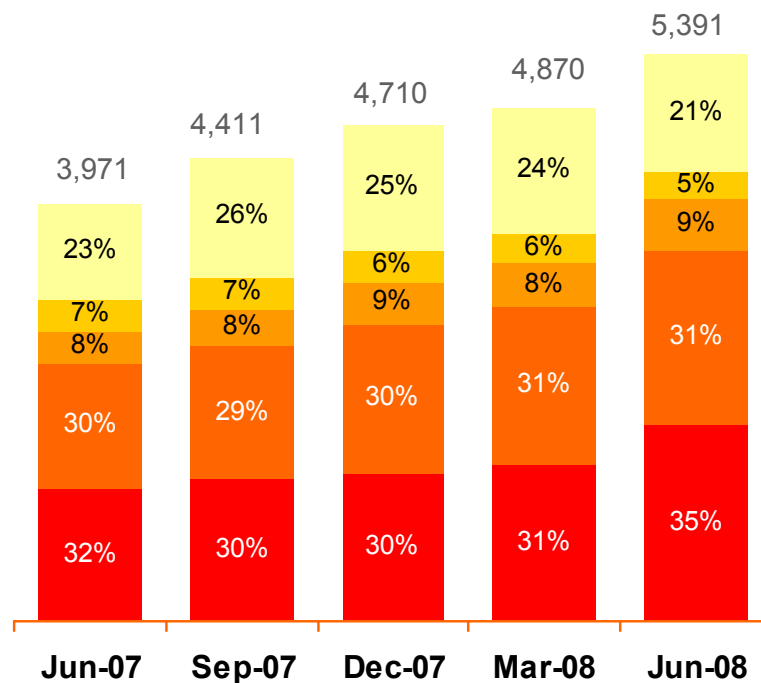
Rp. billion	Jun-07	Jun-08	ΔYoY	
Corporate	6,069	8,978	2,909	48%
JFAB ¹⁾	1,392	1,687	295	21%
Commercial	5,893	8,703	2,810	48%
Total	13,354	19,368	6,014	45%

¹⁾ Joint financing and asset buy of auto financing receivables with finance companies.

Corporate loans grew 48% in part due to robust growth in trade financing

Retail loans rose by 36% on the back of strong growth in mortgage and credit card

Retail Loans Composition
Rp. billion



Loan Growth
Year-on-Year

Rp. billion	Jun-07	Jun-08	ΔYoY	
Multipurpose & others ¹⁾	1,069	1,199	130	21%
Personal Loan	306	270	(36)	(12%)
Syariah	310	479	169	55%
Credit card	1,180	1,651	471	40%
Mortgage	1,106	1,762	656	59%
Total	3,971	5,391	1,420	36%

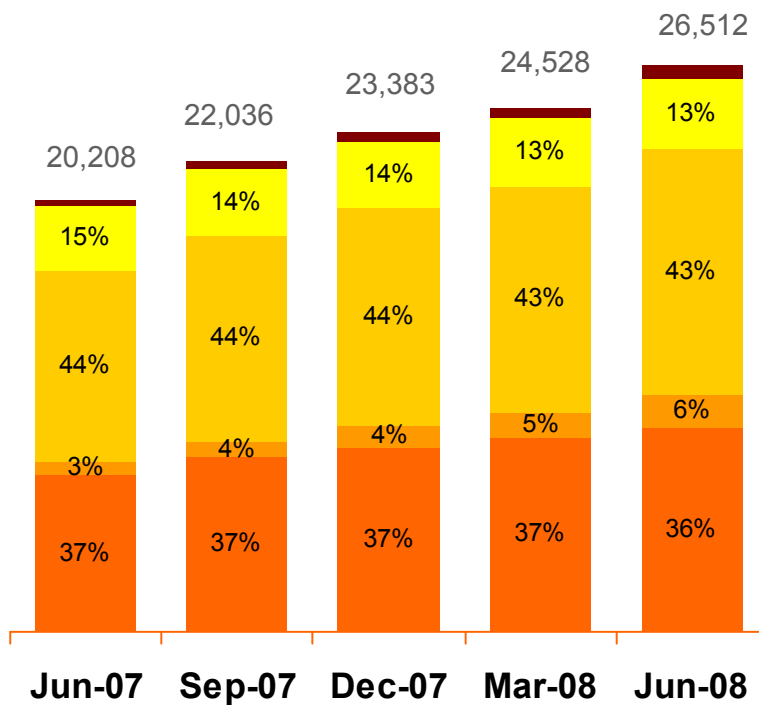
¹⁾ Include loan to employees

Credit card receivables increased by 40% to Rp 1,651 billion

Mass market loans grew by 31% mainly driven by micro lending and motorcycle financing

Mass Market Loan Composition

Rp. billion



Loan Growth

Year-on-Year

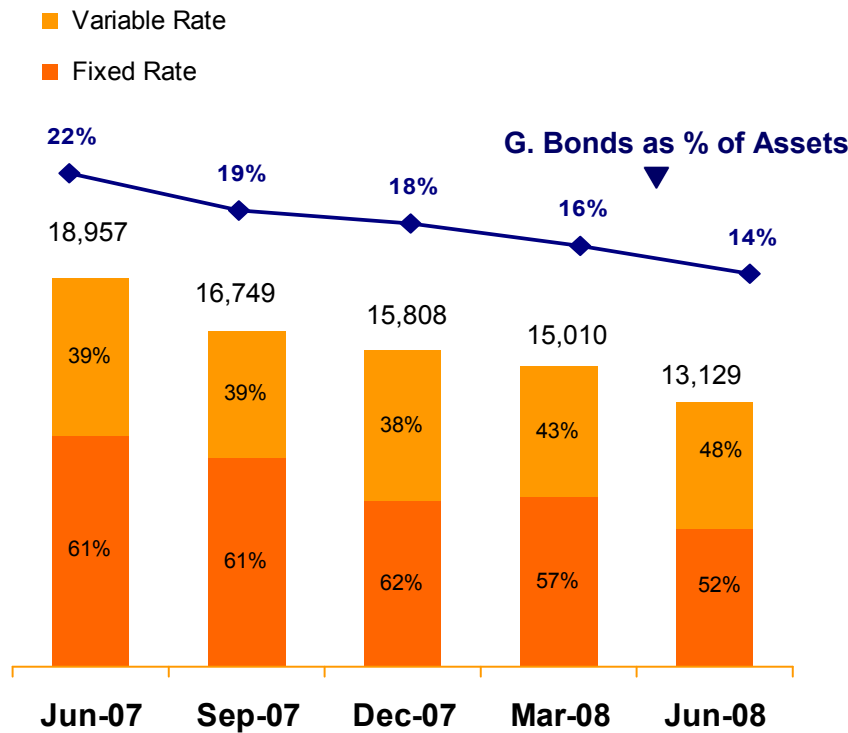
Rp. billion	Jun-07	Jun-08	ΔYoY	
Hire Purchase	312	579	267	86%
Cars	3,021	3,352	331	11%
Motorcycles	8,908	11,459	2,551	29%
CMM	581	1,574	993	171%
SEMM	7,386	9,548	2,162	29%
Total	20,208	26,512	6,304	31%

Note: Hire purchase financing from Adira Quantum
Motorcycles and cars financing from Adira Finance

SEMM continues to grow strongly and accounts for 36% of mass market loans

Government bonds now represented 14% of the bank's assets

Government Bonds Composition *Rp. billion*

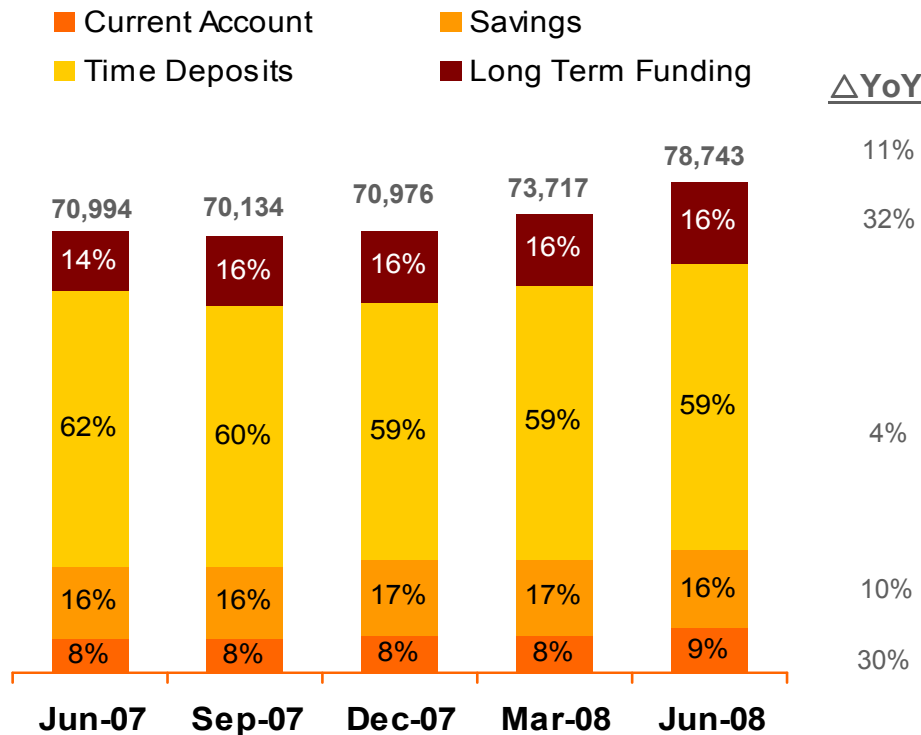


	Rp. billion Jun-07	Jun-08	Δ YoY	Duration (years)
Held to maturity	5,692	2,314	(3,378) (59%)	5.3
Available for sale	11,995	10,802	(1,193) (10%)	2.0
Trading	1,270	13	(1,257) (99%)	2.4
Total	18,957	13,129	5,828 (31%)	2.6

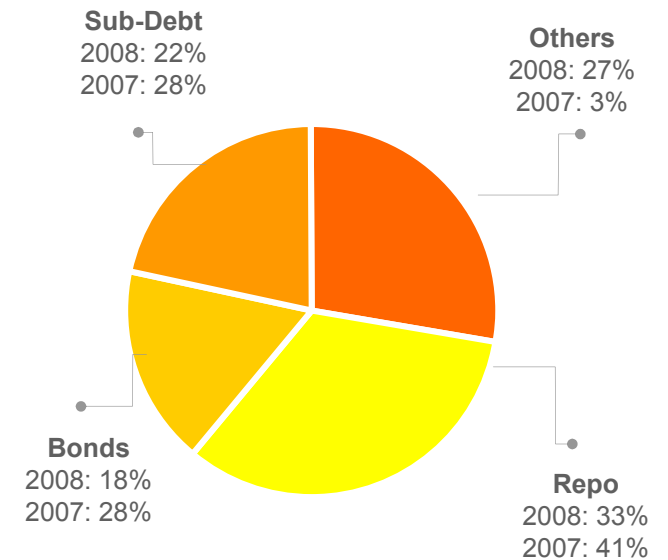
The duration of government bonds was 2.6 years in June 2008 as compared to 3.0 years last year

Current account and savings rose by 30% and 10%, respectively, and both represented 25% of funding

Breakdown of Interest Bearing Funds
Rp. billion



Long Term Funding
As of June 30

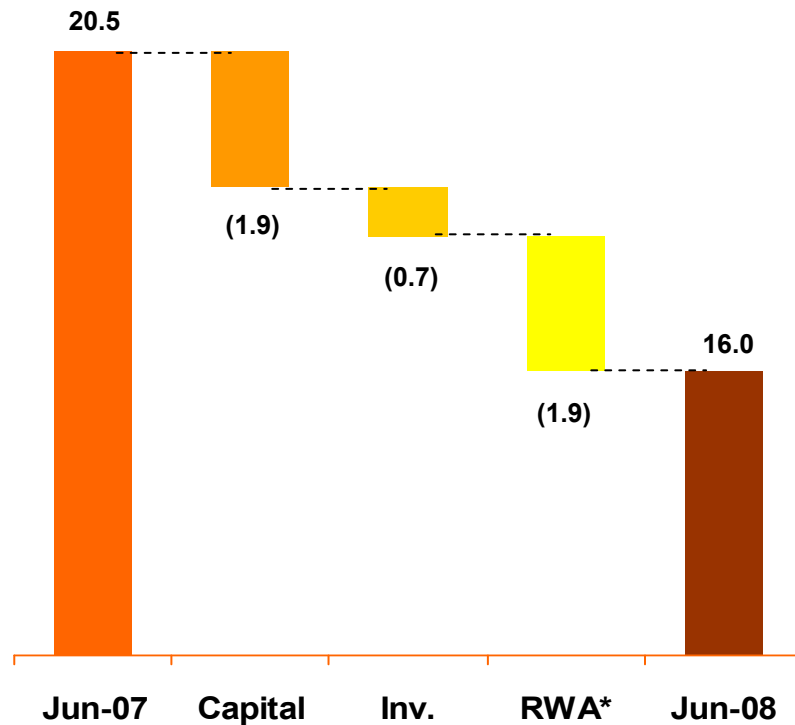


Total Long Term Funding
2008: Rp 12,804 billion
2007: Rp 9,701 billion

Long term funding increased by 32% and made up 16% of total funding

Capital Adequacy Ratio stood at 16%

Movement of Capital Adequacy Ratio
%



Rp. billion	Jun-07	Jun-08	ΔYoY
Tier 1 Capital	9,055	10,199	13%
Tier 2 Capital	3,894	1,680	(57%)
Investments	(1,265)	(1,638)	29%
Total Capital after Investment	11,684	10,241	(12%)
Risk Weighted Assets (RWA)*	56,939	63,939	12%
Capital Adequacy Ratio*	20.5%	16.0%	(4.5%)

* After market risk charge

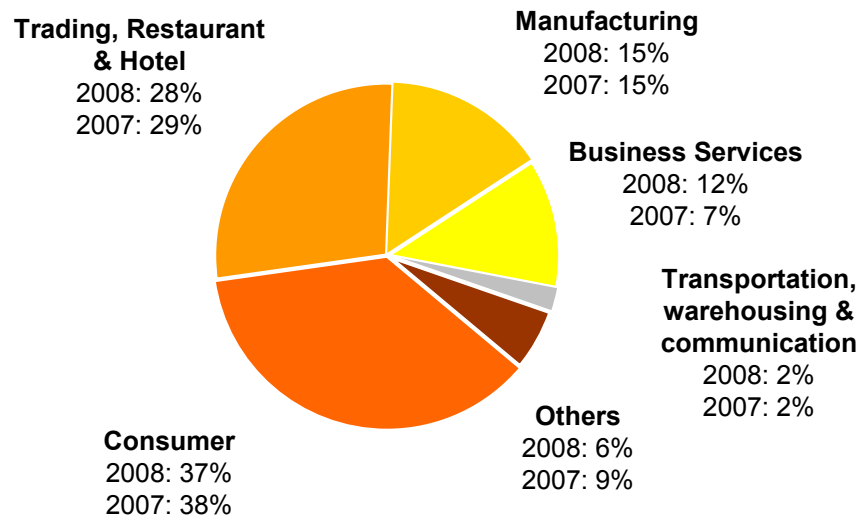
The decline in Tier 2 Capital due to the amortization of subordinated debts starting June 2008

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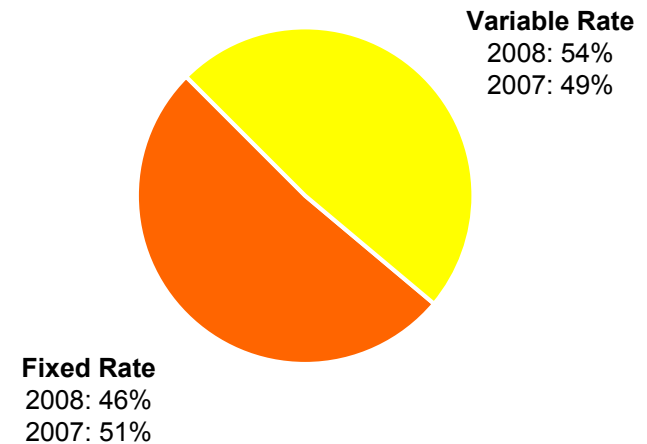
Loan portfolio is well diversified across economic sectors

Loans by Economic Sector
As of June 30



Total Loans
2008: Rp 61,207 billion
2007: Rp 46,394 billion

Loans by Interest Rate
As of June 30



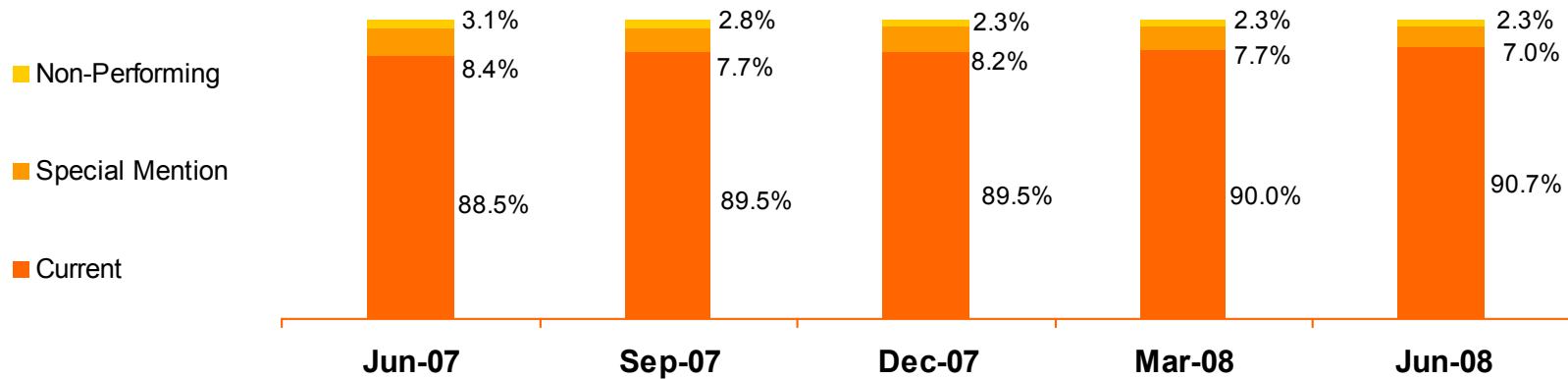
Total Loans
2008: Rp 61,207 billion
2007: Rp 46,394 billion

Fixed rate loans are primarily comprised of automotive financing and micro lending

Non-performing loans ratio steadily declined to 2.3% from 3.1% a year earlier

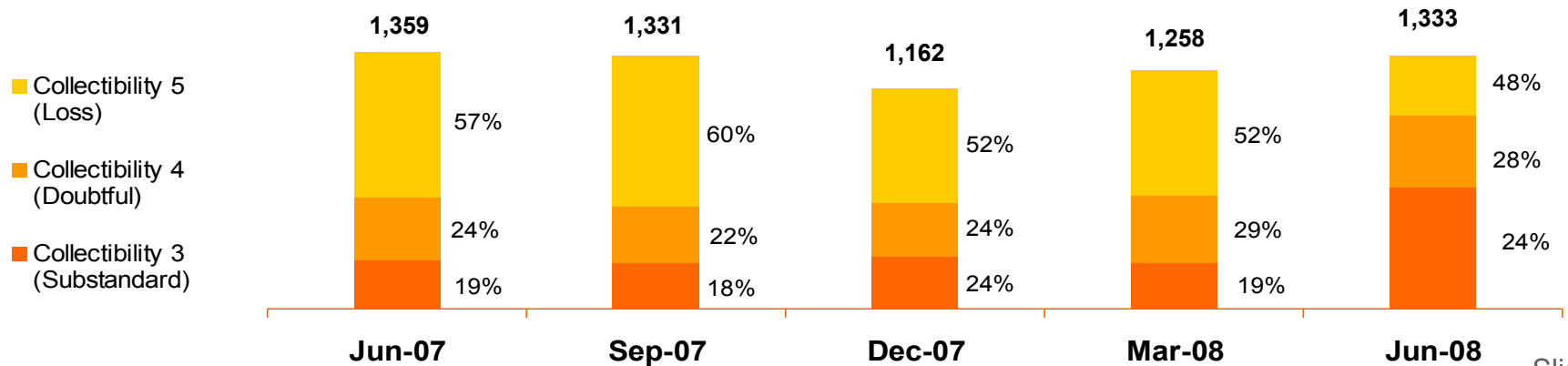
Loan's Collectibility

% of Outstanding Loans



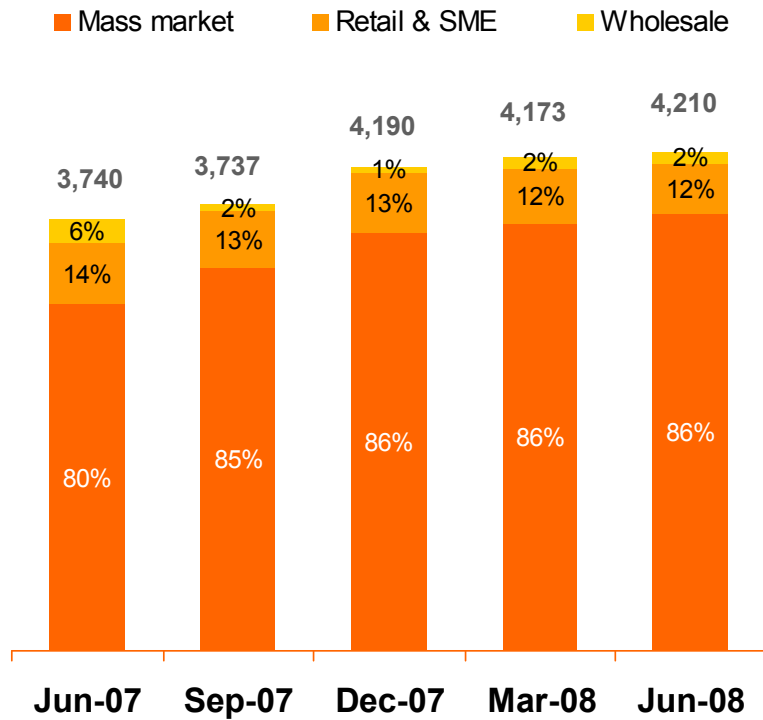
Non-Performing Loans Breakdown

% of Non Performing Loans

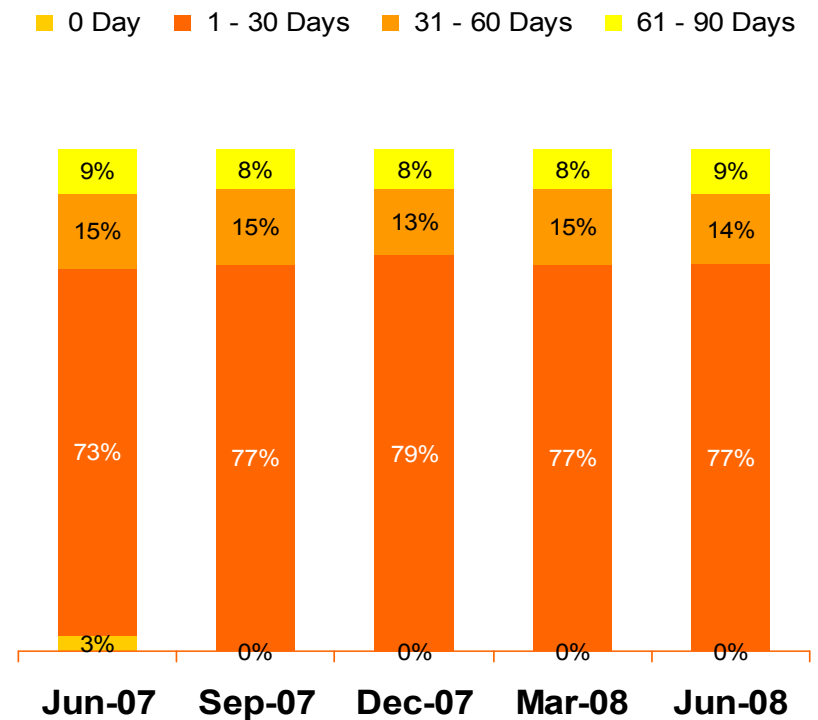


Special mention loans are mostly in DPD 1-30 days category

Special Mention Loans
Rp. billion



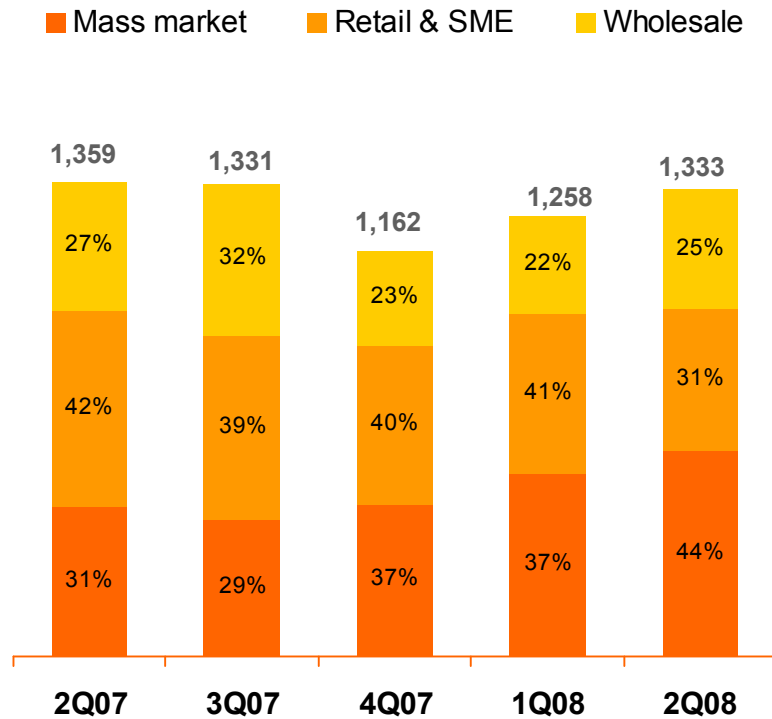
Aging of Special Mention Loans
% of Special Mention Loans



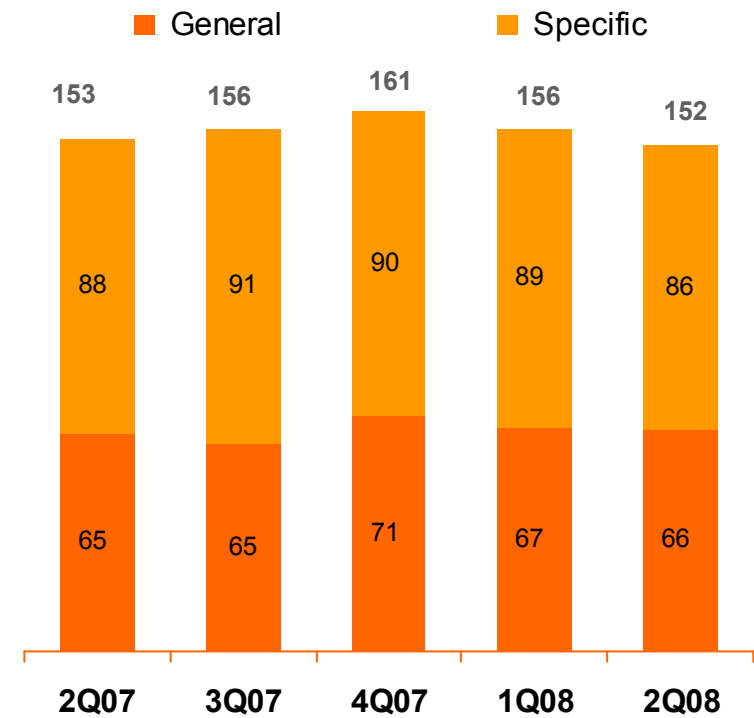
Special mention loans are mainly comprised of mass market loans

Adequate loan loss provision to cover non-performing loans

Non Performing Loans by Segments
Rp. billion



Loan Loss Provision / NPL ¹⁾
%

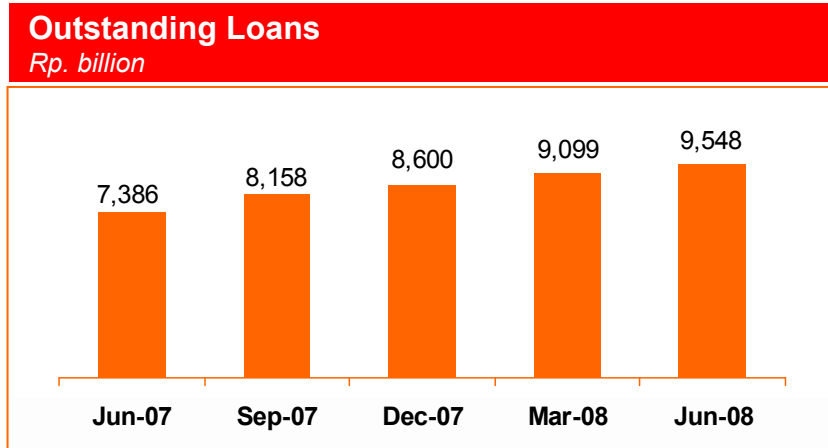


Non-performing loans declined by 2% despite of 32% increase in outstanding loans

¹⁾ After considering value of collateral mostly from Corporate, Commercial, SME loans and Mortgage

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Trader at wet market

SEMM also known as Danamon Simpan Pinjam (DSP) was established in 2004 to serve and help micro and small scale enterprises gain better access to banking services. It currently operates two business models:

❶ **Wet Market Model**

- Operates 702 DSP Units to serve big wet markets and 91 Mobile Units to serve smaller markets and employs around 8,200 personnel
- Extended Rp 9.1 trillion loans as of June 2008, an increase of 24% from a year earlier

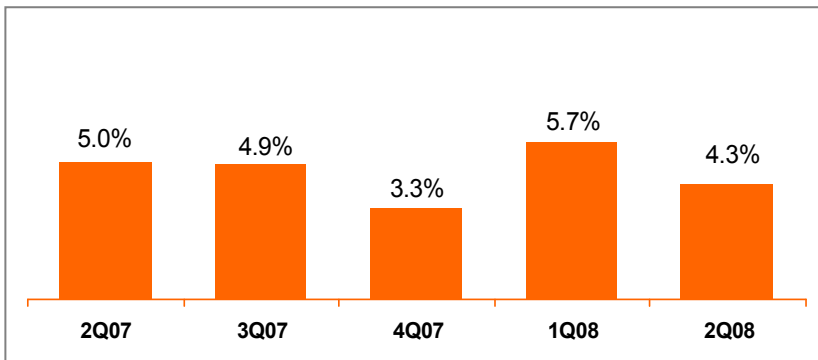
❷ **Supply Chain Model**

- Introduced in July 2007 to serve traders in the low-end of the supply chain
- Currently operates 151 Sales Offices with more than 1,800 staff
- Extended Rp 415 billion in loans as of June 2008

SEMM continues to grow steadily

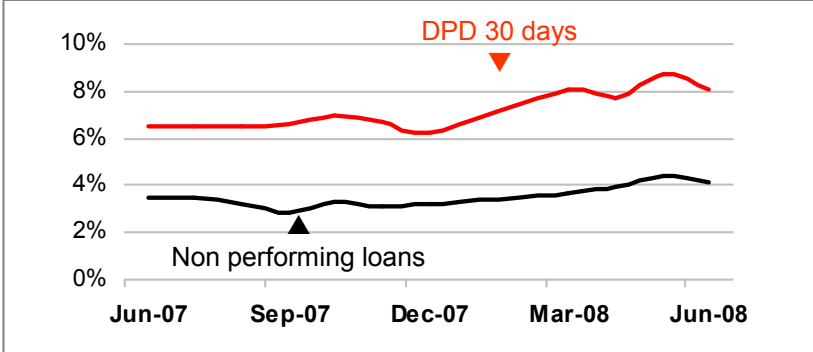
Cost of credit

% of Average Loans, annualized



DPD 30+ Days and NPL Ratio

% of Outstanding loans



Asset quality

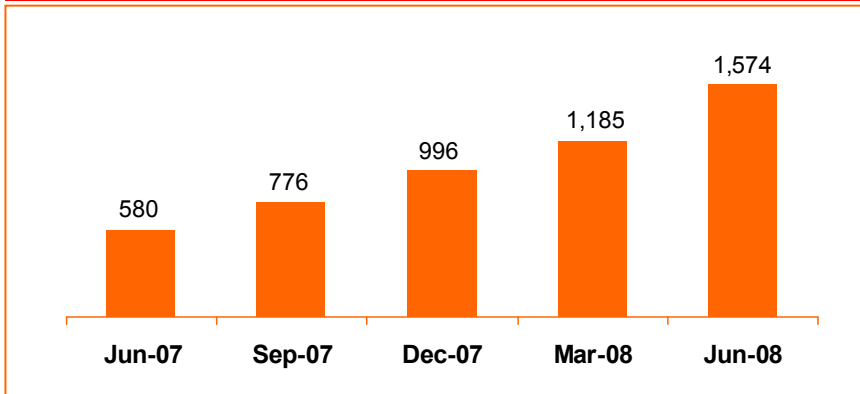
- Cost of credit stood at 4.3% of average loans in the second quarter of 2008 as compared to 5.7% in the previous quarter.
- 30+ Days Past Due (DPD 30+) loans as % of total loans was 8.1% in June 2008 compared to 6.8% a year earlier



A small mom-and-pop shop served by DSP supply chain model

Outstanding Loans

Rp. billion



CMM sells personal loans to Adira Finance customers

Consumer Mass Market Business (CMM) offers personal loans to salaried individuals.

CMM currently operates two business models:

① Worksite Model

CMM operates 106 Points of Sales to sell personal loans to employees of selected companies in cities

② Adira Cross Sell Model

CMM has also stepped into 118 Adira's branches to cross sell personal loans to selected Adira's customers

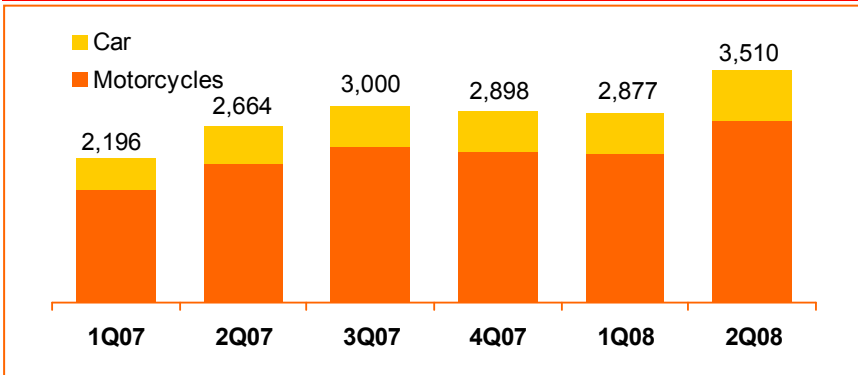
Business Performance

- Outstanding loans rose by 171% to Rp 1.6 trillion at the end of June 2008
- Cost of credit remains low at 4.1% in the first half 2008 on the back of high loan growth

CMM loans nearly tripled to Rp 1.6 trillion in June 2008

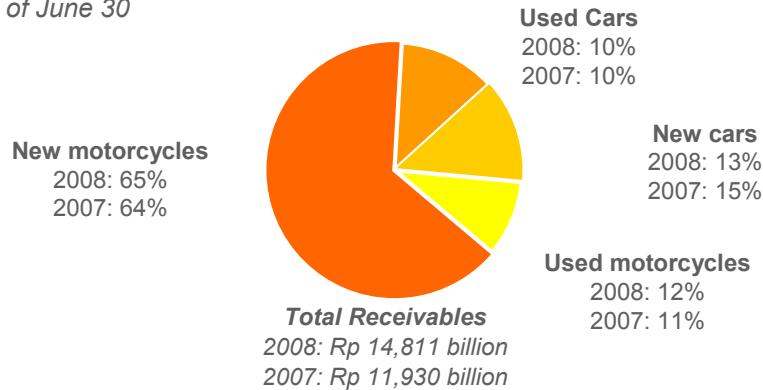
New Financing

Rp. billion



Receivables Composition

As of June 30



- New financing grew by 31% to Rp 6.4 trillion in the first half of 2008
- Outstanding receivables rose by 24% to Rp 14.8 trillion in June 2008
- Market share in new motorcycle financing stood at 13.1% in the first half of 2008 compared to 14.5% last year due to selective customer acquisition
- Cost of credit improved to 3.1% from 5.0% in the previous year due to lower provision and loss on repossessed assets



New financing rose by 31% to Rp 6.4 trillion

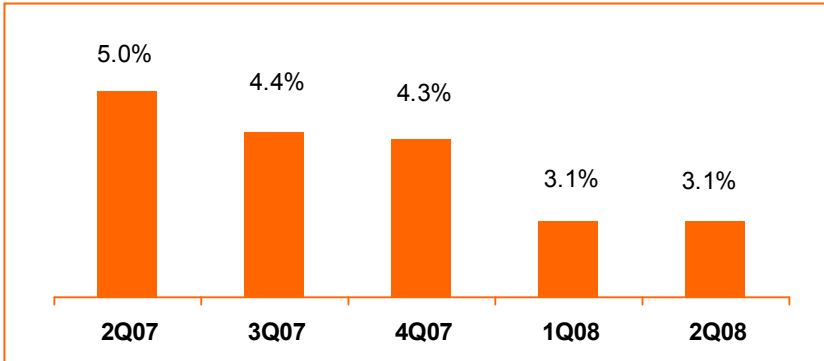
Rp. billion	1H07	1H08	ΔYoY	1Q08	2Q08	ΔQoQ
New Financing Units	426,902	541,654	27%	247,023	294,631	19%
New Financing Volume	4,860	6,388	31%	2,877	3,510	22%
O/S Receivables	11,930	14,811	24%	13,789	14,811	7%
Net Interest Income ¹⁾	1,092	1,319	21%	652	667	2%
Fee Income	15	73	387%	18	55	206%
Total Operating Income	1,107	1,392	26%	670	722	8%
Operating Expenses	(376)	(494)	31%	(236)	(258)	9%
Cost of Credit	(284)	(213)	(25%)	(103)	(110)	7%
Net Profit before Tax	447	685	53%	331	354	7%
Net Profit after Tax	308	478	55%	231	248	7%

Net profit grew by 55% to Rp 478 billion

¹⁾ Applying internal transfer pricing charge

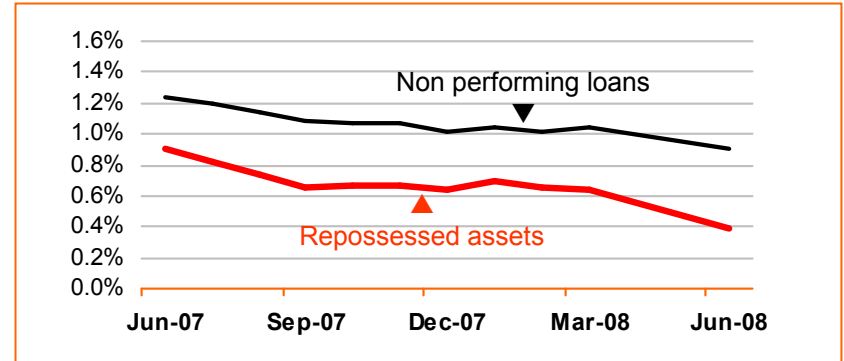
Cost of credit

% of Average Receivables



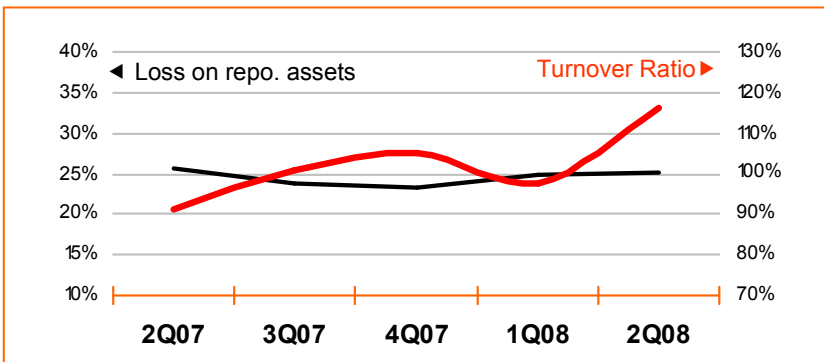
NPL and Repo Assets

% of Receivables



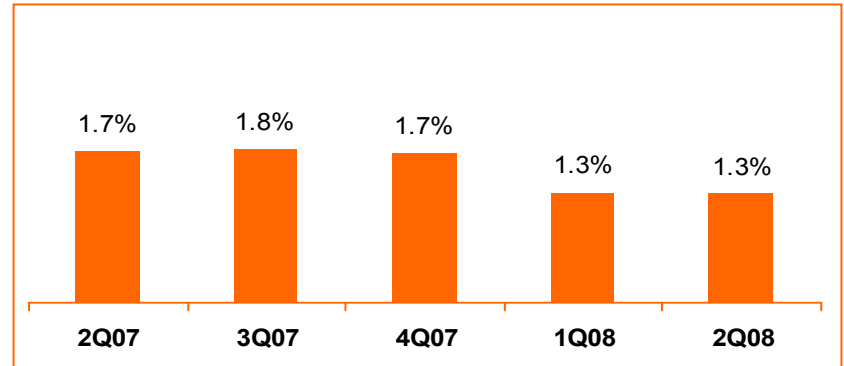
Loss on Repo. Assets and Turnover Ratio ¹⁾

%



Net write off

% of Average Receivables



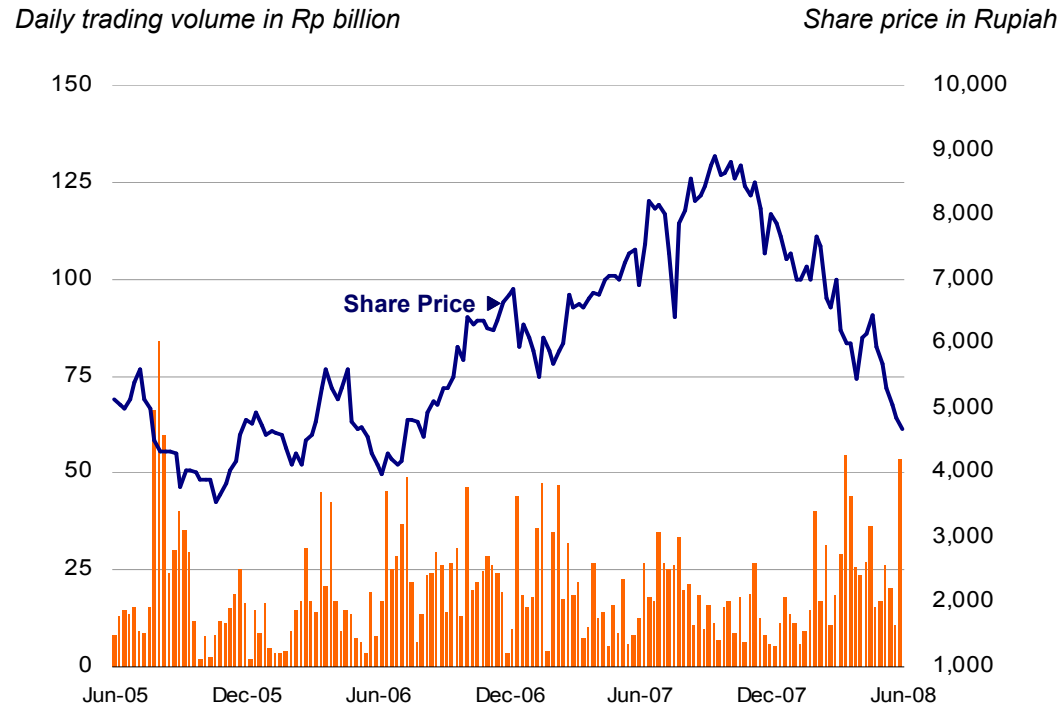
1) Turnover ratio was measured by number of repossessed asset units sold as % of repossessed asset inventory.
LOR was measured by losses of repossessed assets as % of outstanding loan principal

Cost of credit improved to 3.1% of receivables as compared to 5.0% a year earlier

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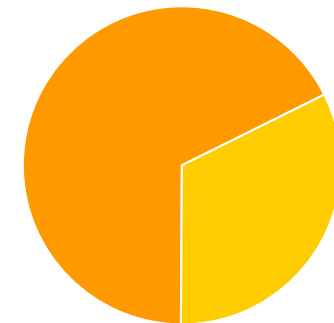
Daily share price and trading volume BDMN IJ



Source: Bloomberg

Shareholding Structure As of June 30, 2008

Asia Financial (Indonesia)
67.88%



Public
32.12%

Asia Financial (Indonesia) (AFI)

- AFI is a consortium of Fullerton Financial Holdings Pte. Ltd. (FFH) (85%) and Deutsche Bank (15%).
- FFH is wholly owned by Temasek Holdings

Credit Rating

Danamon

PEFINDO	Corporate Rating	id ^{AA+} / Stable
	Bond Rating	id ^{AA+} / Stable
Standard & Poor's	Long-term / Short-term Local Currency	BB- / Stable / B
	Long-term / Short-term Foreign Currency	BB- / Stable / B
	Subordinated Debt	B / Stable
Fitch Ratings	Long-term / Short-term Foreign Currency	BB / Stable / B
	National Long-term	AA (idn) / Stable
Moody's	Global Local Currency Deposit	Baa3 / Stable
	Foreign Currency Long-term / Short-term Deposit	B1 / Stable / Not Prime
	Subordinated Debt	Ba2 / Stable
	National Scale Rating	Aaa.id

Thank You

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